



## California's Unemployment Rate Remains Below 7%

California's unemployment rate for January 1997 was 6.8%, a strong indication of a robust economy in 1997, according to analysts. The unemployment rate a year ago, January 1996, was 7.6%. This is the lowest level of unemployment since January 1991.

For the seventh consecutive month, employment has increased in California. According to EDD, 14.7 million people were employed in California in January 1997, an increase of 88,000 over December 1996. This employment gain is up 386,000 over January last year. Analysts stated that the statewide employment growth was fueled by strong hiring in construction, manufacturing, and mining sectors.



## State Treasurer Announces 1997-99 Underwriting Pools

On March 28, the Treasurer announced the formation of the new underwriting pools. Some 71 firms qualified for the pools under the competitive selection process. Firms placed in the pools may be appointed as book-running manager or as co-manager. For a listing of the underwriting pools, call the Treasurer's office at the telephone number below.

In February, the State Treasurer issued a request for qualifications to form a new pool of underwriters to provide services for the State, the State Public Works Board, joint powers authorities, and various State agencies. In addition, five new pools of underwriters were formed for bonds issued by various financing authorities.

## California Goes to Market With Refunding and GO Bonds

On March 11, the State Treasurer's office sold \$20.7 million of Department of Water Resources taxable variable rate bonds. The sale allowed the Department of Water Resources to refund two taxable fixed rate bonds, saving taxpayers roughly \$10 million.

On March 18, the State Treasurer's office sold \$525 million of various purpose general obligation bonds in a competitive sale. Two syndicates from Wall Street bid on the bonds. The syndicate headed by BancAmerica Securities, Inc. won the bid with a true interest cost of 5.4804%. The second bid, at 5.5371%, was submitted by a syndicate led by Goldman, Sachs & Co. Proceeds of the bonds will be used for (1) refunding outstanding State general obligation commercial paper notes; and (2) financing a variety of capital projects relating to water reclamation, rail, higher education, K-12 education, libraries, new prisons, seismic retrofitting, and various environmental purposes.

## Current Offerings On The Treasurer's Home Page

California is the first state in the nation to place complete documents detailing a bond sale on the Internet. During the month of March, the Preliminary Official Statements (POS) for the \$525 million general obligation bond sale and the State Public Works Board sale were placed on the Treasurer's office web site (<http://www.treasurer.ca.gov>). Placing the entire POS on the Internet gives investors and the financial community the opportunity to view and download details about each sale.

## Ask the State Treasurer

**Q:** I recently inherited a bearer bond which has a coupon with a small portion missing. Can I still collect the payment that is due on that coupon?

**A:** It is not uncommon for us to process mutilated bonds and coupons. Whether or not we will handle these mutilated coupons depends on how much of the coupon is missing. We may require the coupon and the bond to be submitted to our office for validation. Once the coupon is validated and verified, a payment will be made. Please call the *Bondholder Services Section* at (916) 653-2884 if you need additional information.

## Questions???

Do you have a question you would like to ask the Treasurer? Send it to the *Investor Relations Program* at P.O. Box 942809, Sacramento, CA 94209-0001.

## The Treasury Note Mailing List

If you would like to be on the mailing list to receive *The Treasury Note* monthly, please send your name and address to the *Investor Relations Program* at P.O. Box 942809, Sacramento, CA 94209-0001.

## Attention Registered Bondholders:

The State Treasurer's office is planning to implement an Electronic Fund Transfer (EFT) program for bond interest payments. If you would be interested in receiving your interest payments via EFT, please call (916) 653-2884.

## Listing of Redemptions

There are no redemptions scheduled for May 1, 1997.

## For Your Information

Moody's Investors Service has refined their rating scale. The expanded rating symbols include numerical modifiers 2 and 3. These numerical modifiers are added to the existing numerical modifier 1, which has been used since 1981. Modifier 1 indicates the security ranks in the higher end of its generic rating category; modifier 2 indicates the security is in the mid-range of its rating category; and modifier 3 indicates the security is in the low-end of its rating category. The numerical modifiers will not apply to issues rated Aaa, Caa, Ca, or C. The expanded rating symbols will be applied to already rated long-term debt issues over time.

### Expanded Public Finance Rating Symbols

Previous Rating Symbols	New Rating Symbols
Aaa Aa1 Aa	Aaa Aa1 Aa2 Aa3
A1 A	A1 A2 A3
Baa1 Baa	Baa1 Baa2 Baa3
Ba1 Ba	Ba1 Ba2 Ba3
B1 B	B1 B2 B3
Caa Ca C	Caa Ca C

## Bond Sales Calendar\*

If you are interested in purchasing any of these bonds, please contact your broker about two weeks before the sale date. For updated information regarding upcoming sales, please contact the State Treasurer's office at (916) 653-3243.

BOND SALES	AMOUNT (in millions)	SALE DATE
State Public Works Board-California Community Colleges Refunding	\$51	Market Watch
East Bay State Office Building Refunding	\$50	Market Watch

**\*Subject to change without notice**